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8 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
9 OF THE STATE OF CALIFORNIA

11	In the Matter of:)	CRMLA LICENSE NO.: 415-0084
12	THE COMMISSIONER OF BUSINESS)	STATEMENT OF FACTS IN SUPPORT OF
13	OVERSIGHT,)	ORDER TO DISCONTINUE VIOLATIONS
14	Complainant,)	PURSUANT TO FINANCIAL CODE
15	v.)	SECTION 50321 AND NOTICE OF INTENT
16	ALAMEDA MORTGAGE CORPORATION,)	TO MAKE ORDER FINAL
17	d.b.a. JVM LENDING, MELCO LEGACY)	
18	LOANS, ONWARD MORTGAGE, PACIFIC)	
19	BAY MORTGAGE, and TRUELEND,)	
20	Respondent.)	

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23 The Complainant, the Commissioner of Business Oversight (Commissioner) of the
24 Department of Business Oversight (Department), is informed and believes, and based upon such
25 information and belief, alleges and charges Alameda Mortgage Corporation, d.b.a. JVM Lending,
26 Melco Legacy Loans, Onward Mortgage, Pacific Bay Mortgage, and Truelend (AMC) as follows:
27 1. AMC is a residential mortgage lender licensed by the Commissioner pursuant to the
28 California Residential Mortgage Lending Act, commencing at Fin. Code § 50000 *et seq.* (CRMLA).

1 2. AMC’s principal place of business is located at 1850 Mt. Diablo Boulevard, Suite
2 100, Walnut Creek, California 94596.

3 3. On or around July 16, 2018, the Commissioner commenced a regulatory examination
4 of the books and records of AMC pursuant to Section 50302 of the CRMLA (2018 Regulatory
5 Exam).

6 4. A review of AMC’s balance sheet, trial balance, and trust account reconciliations for
7 the months of March, April, and May 2018 revealed that the deposits and/or withdrawals identified
8 therein were not performed, resulting in commingling of company funds with trust funds evidenced
9 by shortages or overages in the trust account during those periods, in violation of Financial Code
10 section 50202, subdivision (b). The 2018 Regulatory Exam disclosed the following:

- 11 a. As of March 31, 2018, AMC’s failure to transfer \$11,020.00 into the trust account
12 resulted in an shortage of \$11,020.00;
- 13 b. As of April 30, 2018, AMC’s failure to transfer \$22,351.00 out of the trust account
14 resulted in a overage of \$22,351.00; and
- 15 c. As of May 31, 2018, AMC’s failure to transfer \$17,423.00 into the trust account
16 resulted in an shortage of \$17,423.00.

17 5. In or around July 2018, AMC corrected the shortage of \$17,423.00 found as of May
18 31, 2018.

19 6. AMC failed to reconcile the trust account ledger cards, which detail the receipts and
20 disbursements of all funds deposited by the borrower, lender, or seller with AMC in connection
21 with the origination, closing, or servicing of any mortgage loan, with the liability controlling
22 account at least once each week, and failed to reconcile the trust account ledger cards and liability
23 controlling accounts to the trust account bank statement at least once each month, in violation of
24 California Code of Regulations, title 10, section 1950.314.1.

25 7. The 2018 Regulatory Exam disclosed that in 27 out of 30 loan files reviewed, AMC
26 provided applicants with a Fair Lending Notice that referred them to multiple state and federal
27 agencies if they had questions about their rights or wished to file a complaint, rather than directing
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1 them solely to the Department, in violation of Financial Code section 50204, subdivision (i),
2 California Code of Regulations, title 21, section 7114, and Health and Safety Code section 35830.

3 8. By reason of the foregoing, AMC has violated the following provisions of the
4 CRMLA:

- 5 a. Financial Code sections 50202, subdivision (b);
- 6 b. California Code of Regulations, title 10, section 1950.314.1;
- 7 c. Financial Code section 50204, subdivision (i);
- 8 d. California Code of Regulations, title 21, section 7114; and
- 9 e. Health and Safety Code section 35830.

10 9. Financial Code section 50321 provides:

11 If, after investigation, the commissioner has reasonable grounds to believe
12 that any licensee has violated its articles of incorporation or any law or
13 rule binding upon it, the commissioner shall, by written order addressed to
14 the licensee, direct the discontinuance of the violation. The order shall be
15 effective immediately, but shall not become final except in accordance
16 with the provisions of Section 50323.

17 10. Financial Code section 50323 provides:

18 (a) No order issued pursuant to Section 50321 or 50322 may become final
19 except after notice to the affected licensee of the commissioner's intention
20 to make the order final and of the reasons for the finding. The
21 commissioner shall also notify the licensee that upon receiving a request
22 the matter will be set for hearing to commence within 15 business days
23 after receipt. The licensee may consent to have the hearing commence at a
24 later date. If no hearing is requested within 30 days after the mailing or
25 service of the required notice, and none is ordered by the commissioner,
26 the order may become final without hearing and the licensee shall
27 immediately discontinue the practices named in the order. If a hearing is
28 requested or ordered, it shall be held in accordance with the provisions of
the Administrative Procedure Act (Chapter 5 (commencing with Section
11500) of Part 1 of Division 3 of Title 2 of the Government Code), and the
commissioner shall have all of the powers granted under that act. If, upon
the hearing, it appears to the commissioner that the licensee is conducting
business in an unsafe and injurious manner or is violating its articles of
incorporation or any law of this state, or any rule binding upon it, the
commissioner shall make the order of discontinuance final and the
licensee shall immediately discontinue the practices named in the order.

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(b) The licensee has 10 days after an order is made final to commence an action to restrain enforcement of the order. If the enforcement of the order is not enjoined within 10 days by the court in which the action is brought, the licensee shall comply with the order.

WHEREFORE, good cause showing, the Commissioner is issuing an Order to Discontinue Violations Pursuant to Financial Code Section 50321 and notifying Alameda Mortgage Corporation, d.b.a. JVM Lending, Melco Legacy Loans, Onward Mortgage, Pacific Bay Mortgage, and Truelend of her intent to make the order final.

Dated: January 3, 2019
Los Angeles, California

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
SOPHIA C. KIM
Senior Counsel
Enforcement Division